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Inside is a presentation to the Board of Commerce of Canada of the condition of the Wholesale and Retail Grocery Trade of Canada.

A serious protest against the unfair methods of some manufacturers.

November 18th, 1919

Issued by the
Canadian Wholesale Grocers' Association



FOREWORD



On the occasion of a visit to Hamilton of the Board of Commerce of Canada, the Secretary of same notified the Wholesale Grocery trade of Hamilton that the Board of Commerce would be pleased to meet the representatives of the trade to hear any matter the trade desired to bring to the attention of the Board.

The Wholesale Grocers, therefore, took advantage of the invitation, and at a meeting of the Board of Commerce held in Hamilton at the City Hall on Tuesday, November 18th, 1919, presented the address as set forth herein.

Many manufacturers and others engaged in commercial pursuits, apparently up to the present are not fully alive to the functions of the Board of Commerce of Canada, and the powers of the Board to regulate and establish rules for the conduct of business on a sound, honorable, ethical basis. The Board of Commerce of Canada is the Canadian business man's trade tribunal.

The appointment of this Board of Commerce was an absolute necessity for the proper conduct of business. It is the most advanced legislation ever enacted in the history of Canada, and will in time be appreciated by every honorable business man.

In addition to the address to the Board and the remarks of the Vice-Chairman of same in his comments—this pamphlet contains copy of the platform of the Canadian Wholesale Grocers' Association adopted at the Convention held in Ottawa, August 21st and 22nd, 1919—also copy of the endorsement of same by the Wholesale Grocers of Ontario, together with the names of the Wholesale Grocery firms in Ontario, all of which was referred to in the address to the Board of Commerce.

At the Convention in Ottawa, Mr. O'Connor, Vice-Chairman of the Board of Commerce, addressed the trade explaining the

functions of the Board of Commerce. Copy of this address has been printed in pamphlet form and copies of same can be secured by application to the Secretary of the Canadian Wholesale Grocers' Association, incorporated by Act of the Federal Parliament.
Address:

A. C. PYKE, Secretary,
510 Board of Trade Building,
Toronto. Ont.

Nov. 18, 1919.

Hamilton, November 18, 1919.

To the Board of Commerce of Canada,

Mr. Chairman, and members of the Board of Commerce:

We all hear so much thoughtless condemnation nowadays of the unnecessary middleman or wholesaler, particularly the wholesale grocers, that the wholesale grocery trade of Hamilton felt they would like to take advantage on the occasion of the first full session of your Board in Hamilton, to pay tribute and the highest compliment to your board for the logical, sound reasoning set forth in your decision of October 23rd, 1919, in the matter of The York Trading Co.

It is a clear, comprehensive exposition of trade reasoning, and, coming, as it does, from Canada's recently appointed trade tribunal, we of the trade feel now that we have a Board of Commerce or trade tribunal, there is every reason for congratulation and for our belief, that the much abused wholesale grocery trade as a whole will get recognition of its place in the trade and commerce of this country: as the most economical factor in the distributing system. We are also convinced that the unsatisfactory state of commercial affairs, permitted to exist in the past, and the many perplexing problems that confront the business man of to-day, will be dealt with by your Board in a fair, sound, logical manner, absolutely free from political or class influence. We have the greatest confidence in your ability for sound reasoning.

If we are an economical factor in distribution, we feel we should be protected and permitted to protect ourselves and the legitimate retailer against persons who, by some ingenious device, aim to obtain their goods on the same basis of cost as the wholesalers and still sell at retail. We want to protect ourselves against trade pirates and schemers. If we are not an economical factor in the distribution of goods, we should be out of business.

The business man's interests have so long been neglected, that those of us in the trade who have worked year in and year out for the betterment of trade conditions, and have for years

advocated just such a tribunal as the Board of Commerce of Canada, began to despair and wonder if this country would ever be blessed with a tribunal of men of exceptional qualifications, men who would make a deep and scientific study of the trade and commerce conditions of this country, so that in time this country would have a court skilled in commercial law, a court that would lay down and recognize certain established rules that would govern in matters of commercial morality; establish and recognize the relations and functions of the producer, manufacturer, wholesaler, and retailer; a court that would go deep enough into every phase of business to not only understand it themselves but be of educational value to so many who hold all kinds of extraordinary theories based upon erroneous and very superficial knowledge of trade and commerce.

In Eddy on Combinations, vol. 1, sec. 556, the author says:

“The right of a combination of dealers to advance their own interests by mutually agreeing that they would not deal with a manufacturer or wholesaler who sold directly to their customers, has been broadly upheld.”

And no less an authority than Sir Glenholme Falconbridge, C. J., in his judgment in the case of Rex vs. Beckett et al, March 7th, 1910, says:

“It would be dangerous to accept as a settled doctrine of political economy that under any and all conditions and at all times, every man or corporation should be declared to have an absolute right to buy and sell, trade or barter, with any other person or corporation without restriction as to quantity or price.”

Quantity price is condemned by every government as an evil tending to monopoly. We might illustrate that by mentioning the criminal law governing transportation rates and secret rebating; the uniform Customs law which disregards quantity in the payment of duties; the sale of postage stamps and the penalty for selling below face value, or the sale of Victory bonds. No concession to the big buyer over those of modest means. The reason and justice of same is clear and self evident.

?? We have heard men say it is impossible to conduct business profitably and do it honestly. They no doubt reached that con-

clusion because they believed it a hopeless task to try ^{to} and raise the standard of ethics in business. Now that we have a Board of Commerce with wide powers, we have faith in believing that we can succeed in a just cause; because now no fair or reasonable argument can be advanced, that our commercial needs will be treated so lightly and indifferently in the future as they have been in the past.

We take it that the Board of Commerce will protect the rights of all in all branches of trade.

Trade is artificial. In all businesses we have an artificial condition, and when we come to a certain complex, artificial condition, we have to devise something to meet the requirements of that condition. We are a natural outgrowth of the evolution in trade; we came through a system of evolution. The result is today we are dealing with three classes of trade, the manufacturer, the wholesaler, and the retailer, and it has already been declared by the highest court in this Province, and in some of the highest courts in England, and which declarations appeal to our common sense, namely, that our present system has been found to be, as an absolute fact, the best and cheapest method or connecting link between the manufacturer or producer and the consumer. P P

That there are certain commercial, unfair methods that are contributing causes to the lack of production in farm products, we feel confident you will find upon investigation. We refer to one particularly, namely, the manufacturer who is not playing the game fairly.

The practice of many manufacturers is to distribute their goods through the medium of the wholesaler and at the same time sell a few favored retailers on the same basis of cost as they sell at to the wholesalers.

This practice makes it impossible for the great majority of retailers to succeed in business.

It makes it impossible for the great majority of the retail grocers throughout the country to purchase their goods at the manufacturer's minimum price. This practice is gradually driving the country merchant and the smaller dealer out of business. It is seriously affecting the legitimate wholesaler and, in effect, increases the cost of distribution.

This practice is gradually building up a monopoly which is undermining the legitimate merchant, and is a serious menace to the commercial upbuilding of the country as a whole.

Thriving towns and villages in the midst of farming communities are becoming a thing of the past, and the evil is growing rapidly.

There is a marked falling off in rural populations and this must necessarily have a bearing on production.

For the good of the country and to foster increased production, we respectfully submit this condition is worthy of your investigation and deep study.

In thus directing your attention to one of the many unfair practices in business, we feel that you would be pleased to have from the trade a suggested remedy for consideration. We, therefore, suggest as follows, namely:

1. That on all copyrighted brands of food products and goods in general consumption, the manufacturers of same be compelled to file price lists and selling policy with your Board, and that quantity prices be limited to the reasonable purchasing power of an average retailer.
That if the selling policy of the manufacturer be to the retailer through the medium of his own selling organization, that he should be required to guarantee that all retailers to whom he sells shall be sold to at the minimum price.
2. If, on the other hand, the manufacturer's policy be to market his goods through the medium of the wholesaler, that the manufacturer be prohibited from selling colorable combinations, calling themselves, in their combined character, wholesalers, and that he be prohibited from selling his copyrighted lines of food products and goods in general consumption, to any retailer at a less price or on better terms than the prices filed with your Board.

There are many other evils to which we crave your consideration: one, viz., the methods of departmental stores in attracting buyers to their stores by advertising widely known and extensively advertised proprietary food products and goods of daily household consumption, at less than cost, with the one object of attracting people by creating a false impression in the minds of

the consumer as to the profits made on wearing apparel, notions, and various other lines sold by departmental houses. The legitimate purveyor of food products suffers by such unfair methods, and, in the long run, the consumer is no better off.

Another evil, secret rebating, is an immoral and pernicious method practiced by some and encouraged by others. We have a Secret Commissions Act, and no doubt the object of this Act was intended to bring about honest dealing, but it seems to be a dead letter. It would certainly be in the interest of honest business if this Act could be emphasized by a pronouncement from your Board.

The wholesale grocery trade of the Dominion of Canada, at the last Convention, and subsequently the wholesale grocery trade of Ontario, adopted a platform of principles for the conduct of their relations with manufacturers, and with the object of doing all in their power to protect the legitimate trade, both wholesale and retail, throughout Canada.

Our efforts in the past have been weak and rather ineffective, due largely to the hazy ideas that have prevailed in the minds of many manufacturers, wholesalers, and retailers.

We believe the principles we are striving for and have determined to fight for, will appeal to your Board as being logical, fair, reasonable and commendable.

We are anxious to proceed quickly, but want to be sure we are not attempting anything that would be disapproved of by your Board.

We beg to submit herewith copy of the resolution which the wholesale grocery trade of the Province of Ontario have adopted, together with the names of the firms, parties thereto, and we volunteer, at any time if called upon, to give your Board all such information as we may have in our possession or known to us by experience.

The trade is anxious for the establishment of a commercial code that will not only protect the honorable business man, but a code that will have a beneficial, educational, and good moral influence on the thought and conduct of the younger generation now growing up, and who will soon be taking part in the commercial future of our nation.

We would like to bring the boys up in a good, moral, commercial atmosphere, and we would like to see Canada set an example for other countries.

In many respects the world at present is unbalanced.

So far as commercial affairs in Canada, and the rules governing same are concerned, you have power to regulate.

We firmly believe and are convinced we are practical, but realize to the full that even if our cause is just, we can only hope to succeed by having your assistance, and the seal of your approval of our efforts.

If we are right, and we feel we are, we believe we are entitled to protection, because the consumer would be more economically served in the long run by having the channels of trade clearly defined. If we are wrong we should all be out of business.

We again express our complete faith in your ability to carry out the objects for which the Board of Commerce was created, and are gratified that at last the business men of Canada have a tribunal with whom they can consult.

In the past there has been doubt, but in the future, having determined what is right, sound and reasonable, there should be no doubt.

Fear of enforcing discipline, fear of punishing failure to observe rules and honorable agreements, and fear of prosecution, has made many business men afraid to boldly stand out before the public, and in the past there has been a notion that the only safe way to do some perfectly legitimate things has been to do them in secret, and thus excite suspicion.

We feel that since the appointment of this Board of Commerce there is a more hopeful future for the conduct of business along honorable, fair lines.

Respectfully submitted by the

Wholesale Grocers of Hamilton.

PLATFORM

ADOPTED BY

The Canadian Wholesale Grocers' Association

Adopted at the Convention at Ottawa, August 22, 1919.

Whereas the necessity for the protection and fostering of community interest in every section of the Dominion with a view to making towns and villages throughout the country more prosperous, which prosperity has, in the opinion of the trade, a most direct bearing on production.

And whereas the trade attributes the gradual decline in the rural population to certain unfair methods which at present prevail, and which methods, if not remedied, will undoubtedly cripple and demoralize the community life of the Dominion.

And whereas the services rendered to the community both by the wholesale and retail trade is pronounced by the courts to be the cheapest and most economical method of distribution.

And whereas the Government has at last heeded the urgent appeals of the trade for a Board of Commerce.

"It is hereby resolved;"

1. That it shall be the duty of the Executive Committee of both the Dominion and Provincial Associations of the Canadian Wholesale Grocers' Association to interview manufacturers and point out to them the evil effects of unfair discrimination.

2. That the members of the Association are prepared, if necessary, to discontinue the sale of any manufacturer's goods in the event of such manufacturer refusing to treat all retailers on a minimum basis as to prices.

3. That in the event of the wholesale trade deciding to discontinue the sale of any manufacturer's goods, such decision and the reason therefore shall be passed on to the Executive of the Retail Merchants' Association.

? 4. That quantity prices shall not be used as a subterfuge by the manufacturer to undermine the trade of the average retailer.

? { 5. That so-called wholesalers conducting a chain of retail stores are not performing a service to the manufacturers of the same nature as the recognized wholesaler, and are, therefore, not entitled to the same prices and discounts as regular wholesalers.

? ? 6. That to recognize so-called wholesalers conducting a chain of retail stores as other than retailers is unfair, and, if continued, will undoubtedly destroy the trade of all retailers not so favoured.

7. We, members of the Association, endorse the views herein set forth, fully realizing that the time has arrived to clear the atmosphere by an appeal to the common sense and fairness of the manufacturer who depends upon the retailer for the distribution of his goods to the consumer.

8. The wholesale and retail trade is a legitimate and economical factor in the distribution of goods throughout the country. That being the case, the trade is entitled to protection against evil practices calculated to create demoralization, and any efforts on the part of the trade with such object are not only necessary but laudable.

9. That the Association will endorse the action of any manufacturer who refuses to sell to any wholesaler found guilty of violating any promise to such manufacturer in connection with the sale of such manufacturer's goods.

ENDORSATION OF THE PLATFORM

OF THE

Canadian Wholesale Grocers' Association (Inc.)
by the Wholesale Grocers of Ontario.

The Wholesale grocery trade of Ontario unanimously endorse the principle of a manufacturer fixing prices and terms on his proprietary goods on a basis that is fair to the manufacturer, wholesaler, retailer, and consumer, and refusing to sell to any wholesale house who is not willing to maintain such list prices and terms.

The wholesale grocery trade of Ontario unanimously hold that there cannot be competition in the price of the same brand of goods, that the lowest price must rule, and without some definite instructions from the manufacturers with regard to the sale of proprietary lines the trade unanimously realize that one cut leads to another and that eventually while the selling price would be uniform it would be at a uniform price without any margin whatever to the wholesale trade.

The wholesale grocery trade of Ontario, therefore, desire to place on record their stand on this important matter.

The wholesale grocery trade of Ontario also unanimously endorse the platform of the Association as set forth at the Convention held in Ottawa in August, 1919, and they particularly endorse the last clause in the platform, believing that the time has arrived when good business ethics should prevail, and that houses who violate their word should be penalized, at least to the extent of the manufacturer refusing to sell them.

It is further resolved that the wholesale grocery trade of Ontario will, if necessary, refuse to handle a manufacturer's goods who issues list prices and at the same time sells to the retail trade, or to some of them at least, on the same basis as they sell

to the wholesale trade, the contention of the trade being that the wholesaler is entitled to proper consideration for that service, the trade also contending that price cutting on the part of the manufacturer on proprietary goods places a limited number of retailers in a position to undersell the great majority of the retail trade throughout the country, thus injuring the retail grocers and to which the retail trade have very strong objections.

The wholesale trade of Ontario also desire to place on record a resolution of approval of the action of W. C. Macdonald, Registered, in establishing a selling price for their goods and refusing to sell to any wholesaler who does not maintain same, and that a copy of such resolution be sent to W. C. Macdonald, Registered, with an assurance from the trade that they have every confidence in W. C. Macdonald, Registered, determination to refuse to sell to any wholesale firm who breaks the promise given to W. C. Macdonald, Registered.

The wholesale grocery trade of Ontario have every reason to believe that the Board of Commerce will uphold the trade in any honest effort to protect the trade against unfair and unbusinesslike methods, also in every effort the trade may make to avoid the necessity of the wholesale trade selling goods at a loss.

We approve of the above resolution.

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BOARD OF COMMERCE

REPLY TO THE PRESENTATION

OF THE WHOLESALERS

To the foregoing:—W. F. O'Connor, K. C., Vice-Chairman of the Board of Commerce of Ontario, replied:—

"It is essential that arguments should be made to the Board in public.....The Board must guard sedulously against any expression of opinion before the matters before the Board have been considered by the Board.

"I may go this far, however, and say that the Board has already acted on certain of the suggestions presented, but I must not even identify them.

"When criticism is rife about the Board, do not forget that there is a body of evidence which can be produced by the Board, and don't be surprised to learn any day that recommendations presented have been enforced.

"I am also free to express concurrence in the view that those who seek to set resale prices, should be forced to file with the Board of Commerce a statement of price and cost.

"In all likelihood rules to this effect will be laid down and I believe that they will be of the very greatest benefit to the trade and to the consumers.....

"The Board's greatest difficulty will be to resist the pressure of the consuming class—pressure for too early decision for wrong things and for unearned demands.

"The Board has sufficient enemies at its gates at all times as to make it exceedingly careful to avoid making mistakes, if it's good sense alone did not tend to this aim."

Quoting from the expression of a friend that life was after all only a series of palm leaves and crucifixions, Mr. O'Connor stated that "*the kind remarks made to the Board were in the nature of palm leaves, but, no matter what the general opinion, or even if the Board lost the few remaining friends it had, it would proceed impartially with its findings.*"

As evidence that the presentation by the Hamilton Wholesale Grocers to the Board of Commerce regarding business conditions is a live subject with bodies other than the Wholesale Grocers, the following telegram from Calgary is confirmative:

CALGARY, Alta., Nov. 19, 1919.

Via C. P. R.

WHOLESALE GROCERS' ASSOCIATION,
HAMILTON, ONT.

THE UNDERSIGNED ORGANIZATION WISH TO THANK YOU FOR YOUR OUTSPOKEN EVIDENCE BEFORE THE COMMERCE COURT. WE BELIEVE THAT PLAIN SPEAKING IS THE ONLY REMEDY FOR THE DISEASE OF BUSINESS TRICKERY SO PREVALENT AT PRESENT IN CANADA. WE EARNESTLY URGE SUCH MEN AS YOU TO TAKE A FIRM STAND FOR THESE BUSINESS MORALS WHICH WE INHERITED FROM OUR BRITISH FOREFATHERS WHICH WERE ONCE THE IDEALS OF ONTARIO. THERE WOULD THEN BE NO QUARREL BETWEEN FAIR MINDED CONSUMERS AND FAIR MINDED DISTRIBUTORS.

(Sgd.) THE ASSOCIATED CONSUMERS OF CALGARY.

Note.—The information contained in this pamphlet is of educational value to every business man in Canada.

We have gone through evil days in the past five years. The world is looking for something better than we have had in the past. The craze for money is not everything; Canada wants ideals in business. Every man in democratic Canada should have an even break. Grasping monopoly of Canada's trade and commerce will not satisfy the people.

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